

Message Text

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SP-02 SS-15 USIA-06 IO-13 SSM-03 EB-08 SSC-01
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R 271415Z OCT 77
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 894
INFO AMCONSUL ALEXANDRIA
AMEMBASSY DAMASCUS
AMEMBASSY JIDDA
AMEMBASSY KHARTOUM
AMEMBASSY LONDON
USMISSION SINAI
AMEMBASSY TEL AVIV
AMEMBASSY TRIPOLI

C O N F I D E N T I A L SECTION 1 OF 2 CAIRO 17759

EO 11652: GDS
TAGS: EG, PGOV,
SUBJ: CABINET RESHUFFLE; INITIAL COMMENT

REF CAIRO 17672 (NOTAL),

SUMMARY: LONG MOOTED CABINET CHANGE NOTED MORE FOR WHAT DID NOT HAPPEN THAN FOR WHAT TRANSPIRED. CABINET RESHUFFLE SHOULD HAVE NO EFFECT ON PEACE PROCESS. ALL MAJOR PLAYERS REMAIN IN PLACE; NONE HAVE SUFFERED DIMINUTION OF POWER. NEW ADDITIONS TO CABINET DO NOT IMPINGE UPON DIP OR MILITARY POLICY. DESPITE EXTENSIVE CONSULTATIONS AND BUILD-UP, NO MAJOR PERSONNEL OR STRUCTURAL CHANGES TOOK PLACE. SOME REORGANIZATION OF MINISTERIAL RESPONSIBILITIES HAS BEEN CARRIED OUT BUT MUCH LESS THAN WOULD BE REQUIRED TO EFFECT "ADMINISTRATIVE REVOLUTION". EMB CONTACTS ADMIT THERE NO APPARENT REATIONALE
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BEHIND CHANGES AND EXPECT MAJOR CABINET CHANGES LATER DATE. SOME INTERPRET SHUFFLE AS INTERIM MEASURE GEARED TO PRESERVE FACADE OF INTERNAL UNITY DURING RUNUP TO GENEVA. UNANSWERED QUESTION IS WHY SADAT, HAVING LAID GROUNDWORK, DID NOT GO FURTHER. END SUMMARY

1. NEWLY ANNOUNCED CABINET RESHUFFLE HAS PUZZLED MOST

OBSERVERS. APART FROM A FEW INDIVIDUALS, IT SEEMS TO LACK ANY RATIONALE. ITS STATED PURPOSE, AS ARTICULATED IN THE PRESS WELL BEFORE THE RESHUFFLE, WAS TO ENHANCE EFFICIENCY BY REDUCING THE NUMBER OF MINISTERS AND, IMPLICITLY, GETTING RID OF SOME "DEADWOOD". SOME MINISTRIES WERE INDEED COMBINED, ALTHOUGH THE TOTAL NUMBER OF MINISTRIES WAS ONLY REDUCED FROM 33 TO 30, WHICH STILL MAKES AN UNWIELDLY CABINET. NOR WAS THE EXPECTED "DEADWOOD" REMOVED, ALTHOUGH AT LEAST ONE MIN (SHAHIN), TO WHOM VIRTUALLY ALL APPLY THIS DESCRIPTION, WAS DOWNGRADED TO WHAT APPEARS TO BE A MEANINGLESS POSITION (MIN OF STATE FOR FOLLOW-UP). ASKED TO EXPLAIN REATIONALE OF CABINET RESHUFFLE, PRESIDENCY DIR HASSAN KAMEL ADMITTED SHEEPISHLY THAT THERE REALLY WAS NONE. INITIAL PURPOSE HAD INDEED BEEN TO REDUCE SHARPLY THE NUMBER OF MINISTRIES AND REMOVE "DEADWOOD", BUT FOR A VARIETY OF REASONS (UNEXPLAINED) PRIMIN COULD NOT GO AS FAR AS HE HAD EXPECTED. MININFO US MURSI SAAD AL DIN, WHEN ASKED HOW HE EXPLAINS REATIONALE OF CABINET RESHUFFLE, SIMPLE REPLIED THAT IT WAS "INEXPLICABLE". MOST OBSERVERS, SEEM TO BELIEVE THAT IT IS AT MOST A TEMPORARY CABINET AND THAT A NEEW RESHUFFLE WILL TAKE PLACE AT SUCH TIME AS GENEVA IS RECONVENED.

2. AGAINST WHAT SEEMS LIKE A PURPOSELESS EXERCISE, FEW POINTS CAN BE MADE. THUS, SUDANESE AFFAIRS HAVE BEEN PUT UNDER A DEPPRIMIN, THEREBY AT LEAST PUBLICLY ELEVATING IMPORTANCE GOE ATTACHES TO EGYPTIAN/SUDANESE INTERGRATION DRIVE. CONFIDENTIAL

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BUTROS GHAIL, WHO HAS BEEN NAMED MIN OF STATE, HAS BEEN A CONSTANT CRITIC OF THE GOVT AND HAS NOW PRESUMABLY BEEN MUZZLED (ALTHOUGH HE TELLS US HE HOPED TO KEEP CONTROL OF AHARAM RESEARCH INSTITUTE). FORMER MININDUSTRY EISA SHAHIN HAS BEEN DOWNGRADED TO MIN OF STATE FOR FOLLOW-UP, AND MINISTRY OF INDUSTRY HAS BEEN PLACED UNDER THE DYNAMIC MINPET AHMED HILAL. ALTHOUGH NOT ALL SHARE OUR ENTHUSIASM FOR HILAL, HE IS USED TO WORKING WITH FOREIGN FIRMS AND SHOULD BE ABLE TO WORK MORE CLOSELY WITH THE INVESTMENT AUTHORITY IN SEEKING TO ATTRACT FOREIGN INVESTMENT CAPITAL THAN WAS THE CASE WITH SHAHIN. WE HAD HEARD THAT SHAHIN WAS INDEED DUE TO GO, BUT, THROUGH HIS BROTHER MOHAMED SHAHIN, PUT CONSIDERABLE PRESSURE ON SADAT THAT HE SHOULD RETAIN AT LEAST A CABINET POST. SADAT IS BEHOLDEN TO THE SHAHINS FOR THE ASSISTANCE IN HELPING THWART THE ALLEGED CONSPIRACY PLANS OF ALY SABRY AND HIS CLIQUE IN 1971 AND, AD DEPT WILL RECALL, RECENTLY PUBLICLY PRAISED SHAHIN.

3. FACT THAT NO MAJOR POLITICAL FIGURES WERE REMOVED HAS LEAD MOST OF OUR CONTACTS TO CONCLUDE THAT CABINET CHANGE AND REORGANIZATION OF MINISTERIAL FUNCTIONS LARGELY COSMETIC OPERATION DESIGNED TO GIVE IMPRESSION OF INTERNAL COHESIVENESS

AND MOVEMENT DURING PERIOD LEADING UP TO GENEVA. INTELLECTUAL COMMUNITY IS PARTICULARLY DISAPPOINTED THAT CHANGES WERE NOT MORE EXTENSIVE AND MANY CONTACTS PREDICT THIS WILL CONTRIBUTE TO GENERAL POLITICAL MALAISE.

4. ECONOMICS. DEPRIMIN KAISSOUNI HAS BEEN STRENGTHENED AS TOP ECONOMIC POLICY MAKER, ADDING PLANING PORTFOLIO TO EXISTING OVERALL RESPONSIBILITIES FOR FINANCIAL AND ECONOMIC AFFAIRS. TO GREATER EXTENT THAN BEFORE HE IS NOW EGYPT'S ECONOMIC "CZAR". AHMED HILAL'S ACQUISITION OF INDUSTRY AND MINING PORTFOLIOS, IN ADDITION TO HIS RETENTION OF RESPONSIBILITY FOR PETROLEUM, IS DEFINITE PLUS. HILAL HAS DEMONSTRATED ADMINISTRATIVE LEADERSHIP LACKING IN OTHER MINISTRIES.

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5. INVESTMENT AND AID. KAISSOUNI AND HILAL HAVE BOTH PROMOTED "OPEN DOOR", WITH LATTER PARTICULARLY SUCCESSFUL AT ATTRACTING PRIVATE INVESTMENT TO PETROLEUM SPHERE. THEIR INCREASED RESPONSIBILITIES SHOULD FURTHER THIS PROCESS. REMOVAL OF SHAHIN SHOULD MAKE IT EASIER TO PROMOTE PRIVATE INVESTMENT GENERALLY. INTER ALIA, KAISSOUNI/HILAL APPARENT DOMINATION IN ECONOMIC FIELD SHOULD HAVE POSITIVE REPERCUSSIONS FOR AID, ESPECIALLY WITH RELATION TO MEETING REQUIREMENTS OF HUMPHREY AMENDMENT.

6. POTENTIAL PROBLEM. NEW MIN OF HOUSING AND RECONSTRUCTION HASABALLA AL-KAFRAWI COULD PRESENT PROBLEM. IN PREVIOUS DEALINGS WITH HIM, HE HAS SEEMED CONCENTRATE SOLELY ON NEW CITIES RATHER THAN EGYPT'S HOUSING PROBLEMS PER SE. WITH BACKGROUND ALMOST WHOLLY AS ENGINEER, HE MAY PROVE TO BE WEAK ON OVERALL POLICY.

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7. AGRICULTURE AND LAND RECLAMATION. TWO SHIFTS OCCURRED HERE; MIN OF STATE FOR AGRO-INDUSTRIAL, AQUATIC WEALTH AND SUDANESE AFFAIRS ABOLISHED AND LAND RECLAMATION SHIFTED FROM AGRICULTURE MIN TO MIN OF IRRIGATION AND RECLAMATION. AGRO-INDUSTRIAL ACTIVITIES THEORETICALLY NOW LOCATED IN MIN OF AGRICULTURE BUT SADAT'S CONFIDANT OSMAN AHMED OSMAN IN FACT HAS BEEN MAJOR PLAYER IN ALL ACTIVITIES IN THIS FIELD. STRENGTHENING MIN OF AGRICULTURE SHUKRI SHOULD PROVE POSITIVE SINCE HE IS CLOSE TO SADAT AND HAS STRONG QUALIFICATIONS (ALTHOUGH HIS WEAKNESS IN ENGLISH MAKE NEGOTIATIONS MORE DIFFICULT). ABUL ATA'S ROLE IN LAND RECLAMATION COULD BE NEGATIVE. WHILE HE IS FINE IRRIGATION ENGINEER, EGYPT'S REAL NEED IN RECLAIMED LANDS IS TO IMPROVE FARMING TECHNIQUES AND PRODUCTIVITY. THIS IS AN AREA TO WHICH MIN IS UNLIKELY GIVE ADEQUATE ATTENTION.

8. SCIENCE. CREATION OF MIN OF SCIENTIFIC RESEARCH AND ATOMIC ENERGY WAS EXPERIMENT WHICH NEVER TOOK. MIN NEVER EXERCISED CONTROL OVER WORK BEING CONDUCTED IN UNIVS AND IN OTHER MINISTRIES. ABOLITION THIS MINISTRY IS TEMPORARY GAIN FOR PRESIDENT OF NATIONAL ACADEMY OF SCIENCE ABUL AMIN ABDEL AL-AZIN. HE HAS LONG HELD PROTOCOL MINISTERIAL RANK, AND, IN ABSENCE OF SEPARATE SCIENCE MIN HE MAY ADD TO DE FACTO AUTHORITY. FACT THAT HE HAS SOMETIMES BEEN BUREAUCRATIC AND DIFFICULT SHOULD NOT HINDER ONGOING OR POTENTIAL RESEARCH ACTIVITIES.

9. PLANNING. FORMER MIN OF PLANNING MEGUID'S APPOINTMENT AS HEAD OF PLANNING INSTITUTE WOULD APPEAR REPRESENT MAJOR DEMOTION. WHILE HE HAD MADE NO SECRET HIS DESIRE LEAVE MINISTRY, WE HAD HEARD HE WOULD RETURN TO MORE LUCRATIVE UN POSITION RATHER THAN ACCEPT THIS QUASI-ACADEMIC SLOT. POSSIBLY

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THIS APPOINTMENT IS HOLDING OPERATION, PENDING CREATION OF LONG DISCUSSED NATIONAL INVESTMENT BANK WHICH WILL INCORPORATE ASSETS

OF PUBLIC SECTOR INDUSTRIES. MEGUID HAS HINTED TO AID DIR THAT THIS IS HIS GOAL.

10. COPTS AND WOMEN. NEW CABINET RETAINS SOME BALANCE AS PREVIOUS WITH REGARD TO COPTS AND WOMEN. MOHED STINO RETAINS PORTFOLIO FOR TOURIMS AND CIVIL AVIATION. DR BUTROS GHALI REPLACES ALBERT BARSOUM AS MIN OF STATE. MS AMAL OSMAN, MIN OF SOCIAL AFFAIRS AND INSURANCE IS LEFT AS ONLY WOMAN IN CABINET.

11. COMMENT: DESPITE SADAT'S DESIRE EFFECT "ADMINISTRATIVE REVOLUTION" LATEST CABINET REMAINS UNWIELDLY AND WILL ONLY FUNCTION WELL IF DEPPRIMINS ARE ABLE TO EFFECT COORDINATION. INTERESTING TO NOTE THAT ALL THESE INDIVIDUALS NOW TASKED WITH SPECIFIC MINISTERIAL RESPONSIBILITIES IN ADDITION TO DEPPRIMINISTERIAL ROLES. NEVERTHELESS, TO DATE NO DEPPRIMIN (WITHOUT PORTFOLIO) EXCEPT KAISSOUNI HAS ASSERTED MUCH CONTROL OVER MINISTRIES UNDER HIS SUPERVISORY PURVIEW.

12. POSITION OF PRIMINISTER. PRIMIN SALIM REMAINS SADAT'S RIGHT-HAND MAN. REPORTS OF ALLEGED PRESIDENTIAL DISPLEASURE WITH SALIM OVER INTERNAL SECURITY PROBLEMS, IF IT EXISTED AT ALL, ARE CLEARLY EXAGGERATED. IN CRITICAL PERIOD AHEAD, SADAT CONTINUES TO NEED SALIM AS HIS PRINCIPAL EXPERT ON INTERNAL SECURITY SITUATION. FACT THAT MININTERIOR WAS GIVEN TO GEN NABAWI ISMAIL IN NO WAY ALTERS SALIM'S DOMINANCE OF THAT CRITICAL MINISTRY. NABAWI ISMAIL IS SALIM'S HAND PICKED MAN AND MAY BE EXPECTED TO CONTINUE TO DO THE PM'S BIDDING.

13. UNCLEAR WHY REORGANIZATION AND RESHUFFLE SO LIMITED AFTER EXTENSIVE PUBLIC PREPARATIONS. SUCH INDICATIONS AS WE HAVE SUGGESTED THERE MAY HAVE BEEN CONSIDERABLE INTERNAL BICKERING ABOUT POSITIONS AND CANDIDATES. ALSO THAT VARIOUS PERSONS

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INVITED BY PRIMIN TO ASSUME MINISTRIES DECLINED TO DO SO, UNDOUBTEDLY REQUIRING HIM TO RETAIN SOME MINISTERS WHOM HE HAD WISHED TO REMOVE. IT MAY BE THAT SADAT VIEWS MOST RECENT CABINET RESHUFFLE AS AN INTERIM MEASURE. THERE IS WIDESPREAD VIEW THAT A MORE SIGNIFICANT RESHUFFLE WILL TAKE PLACE ONCE GENEVA CONF SEEMS LIKELY OR IS UNDERWAY. ALL IN ALL, CABINET RESHUFFLE MUST BE CONSIDERED MUCH ADO ABOUT NOTHING.

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Message Attributes

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